U S WEST Megabit Service Architecture

FCC Ex Parte Presentation

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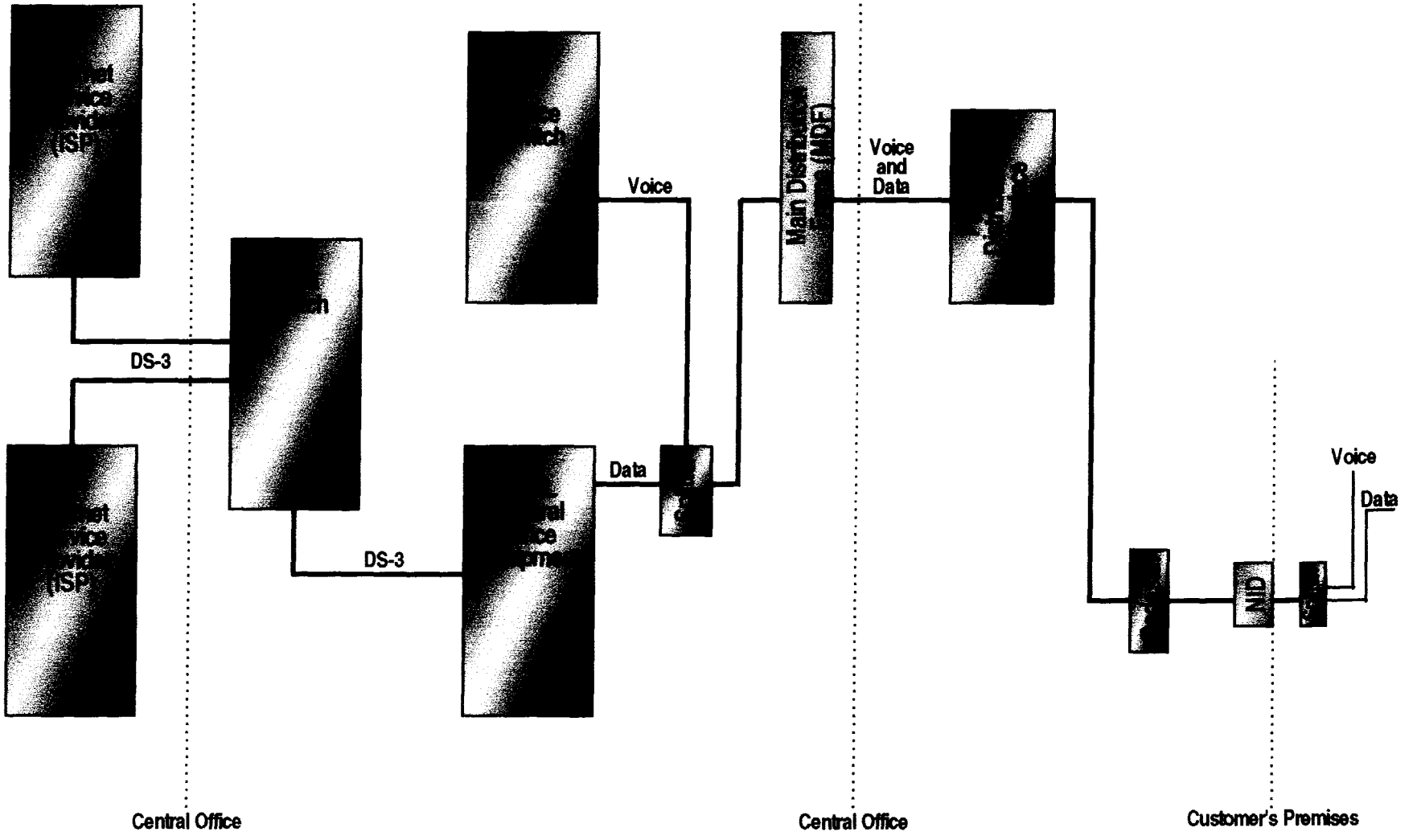
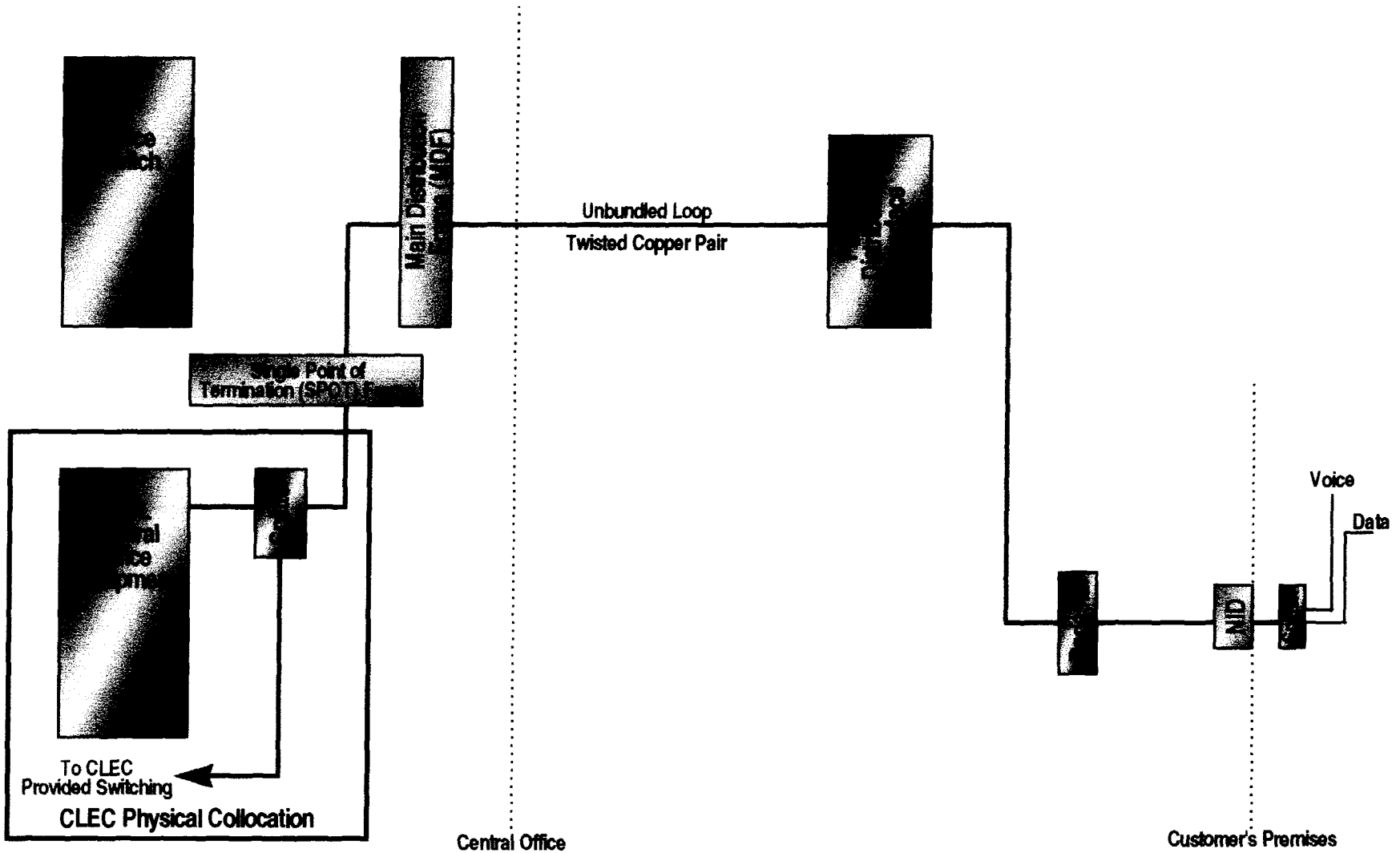


CLEC Provided xDSL Service Using UNEs



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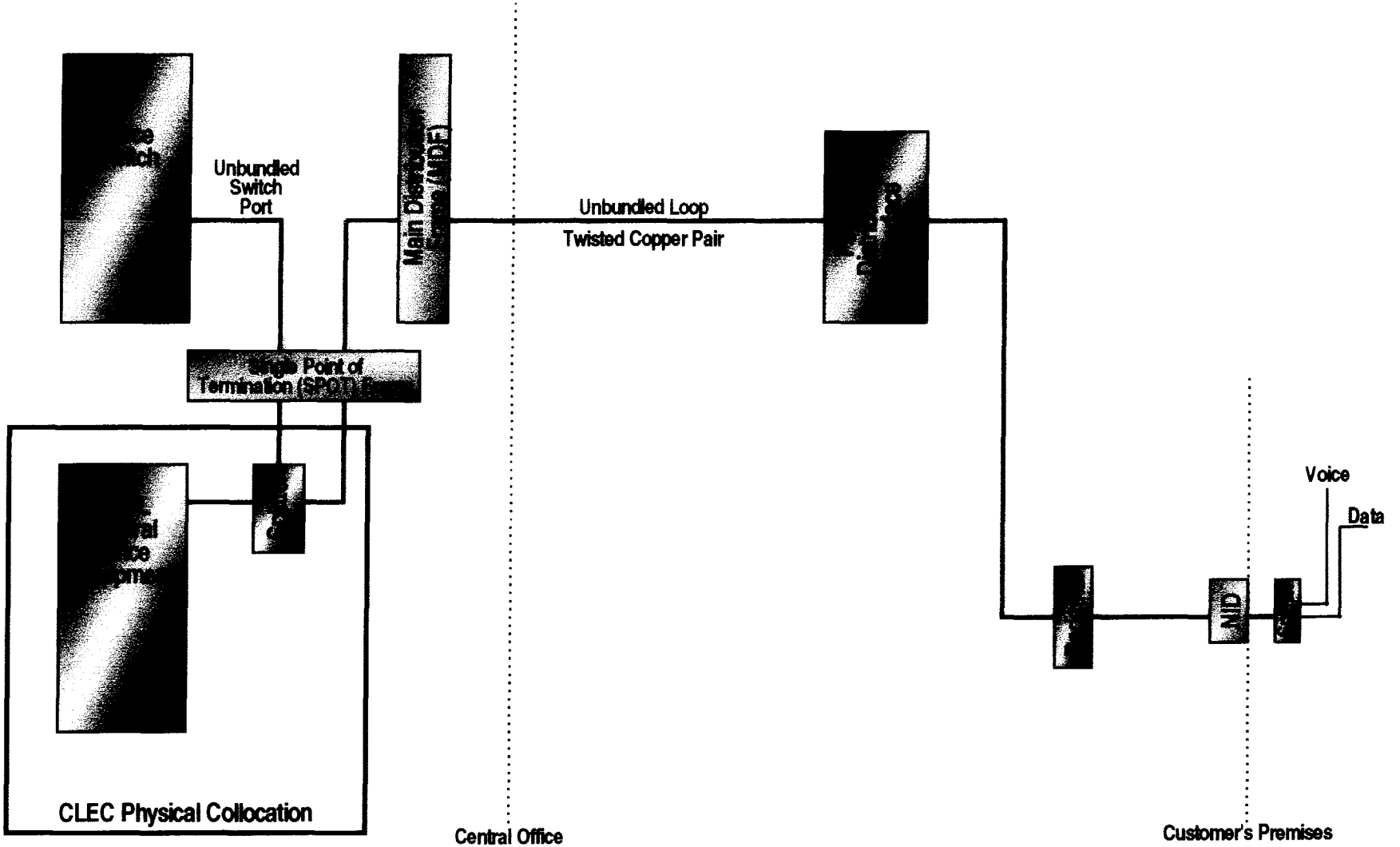

U S WEST Physical Collocation Products

- **Caged Physical Collocation**
  - Physical Space in 100 square foot increments
  - Fiber Entrance Facility
  - Power
  - HVAC
  - Security
- **Cageless Physical Collocation**
  - Physical Space in 9 square foot increments (1 bay)
  - Fiber Entrance Facility
  - Power
  - HVAC
  - Security
- **SPOT Physical Collocation**
  - No Physical Space Requirement
  - No Entrance Facility
  - No Additional Power Requirements
  - No HVAC Requirements
  - Security

U S WEST Conditioned Loop Product

- Conditioned Loops
  - Requested by CLECs
    - CLEC submits LSR if loop conditioning is required
    - U S WEST issues Work Order to have Loop Conditioning performed
  - Two-wire or Four-wire
    - Free of Loading Coils, if requested by CLEC
    - Free of Bridged Tap, if requested by CLEC
    - Repeatered, if requested by CLEC
  - U S WEST has deployed over 400 Conditioned Loops to date

US WEST
Switched Access
Minutes of Use
January 1998

7/21/98

State	Lata's per State in US West's Region	Interstate Total	Intrastate Interlata Total	Intrastate-interlata total/interstate total
ARIZONA	2	791,079,850	83,802,251	11.00%
COLORADO	2	800,330,316	87,133,486	11.00%
IOWA	4	246,287,267	83,030,437	34.00%
MINNESOTA	4	461,145,969	160,509,659	35.00%
MONTANA	2	102,894,246	21,827,128	21.00%
NORTH DAKOTA	2	58,022,944	11,506,218	20.00%
NEBRASKA	2	138,254,892	36,479,870	26.00%
OREGON	2	329,462,535	83,413,446	25.00%
WASHINGTON	2	582,651,580	105,484,524	18.00%

U S WEST xDSL Services
CC Docket 98-78

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U S WEST's xDSL Services

U S WEST is offering its xDSL (Megabit) services as basic telecommunications services

- The link between the subscriber and the xDSL equipment is provided pursuant to intrastate tariffs
- The link between the xDSL equipment and the ISP (MegaCentral service) is provided via intrastate or interstate tariffs
- Thus, Megabit services are subject to the FCC's Open Network Architecture rules

CLEC Access to Essential Elements

U S WEST will make available to CLECs, pursuant to Section 251, the unbundled conditioned loops

- U S WEST must "condition" these loops -- meaning bridged taps or load coils must be removed
- CLECs are then able to put in place all of the electronics necessary for data service
- Technical feasibility is the only constraint on access to the conditioned loops
- A purchaser of a conditioned loop must be a carrier

CLEC Access to Essential Elements

Collocation space will be made available to competitors in the U S WEST central offices

- U S WEST offers a SPOT collocation option, which permits CLECs to aggregate unbundled network elements at a single U S WEST frame in the central office
- The SPOT frame serves as a point of interface for all unbundled network elements ordered by the CLEC
- This collocation agreement is less costly for CLECs because it does not require a cage or one-hundred-square-foot allotments of collocation space

CLEC Access to Essential Elements

U S WEST will enter into agreements with CLECs to interconnect their data networks

- There is no need for the CLEC to create a complete network to reach customers
- OSS procedures will be implemented to ensure that CLECs have comparable access to support systems necessary for the provision of data services

Separate Subsidiary Concerns

U S WEST technology for high speed data services offers data over the same loop that carries voice

- This creates efficiencies for both voice and data customers
- Separate subsidiary requirement adds inefficiencies and costs to the provision of high speed data services thus preventing lowest possible price for consumers

Separate Subsidiary Concerns

- According to a study by Dr. Jerry Hausman on the impact of Computer II rules on voice messaging, separate subsidiary requirement delayed ability of customers to obtain services for five years

- A U S WEST study demonstrated that start up costs for a Computer II subsidiary with 2,500 employees had costs in the neighborhood of $60 million

Separate Subsidiary Concerns

Separate subsidiary requirements is inconsistent with technical realities of the marketplace

- There soon will be no meaningful distinction between data and voice in the digital world
- Regulatory requirement would be outdated from the moment it is created
- Better approach is to adopt regulations that are consistent with technological evolution

Separate Subsidiary Concerns

Separate subsidiary requirement is inconsistent with Section 706 Mandate to encourage the deployment of advanced telecommunications to all Americans

- As U S WEST has demonstrated with its maps, costs for service to rural areas and the urban "have nots" is high and additional separate subsidiary costs will directly impact deployment of services to these areas
- As costs to deploy the network increase, marginal customers -- those who generate less revenue and disproportionately increase construction costs -- will be left behind
- Thus, there is a regulatory "cost" associated with the separate subsidiary requirement

How to Encourage the Deployment of Advanced Telecommunications

- Given the costs and inefficiencies associated with separate subsidiary requirement and the fact that technology will soon fail to recognize distinction between voice and data, FCC should not mandate its adoption

- FCC should focus on whether other regulatory safeguards can address concerns regarding the potential for discrimination against competitors

How to Encourage the Deployment of Advanced Telecommunications

- Best approach is to allow carriers to come forward with proposed procedures, such as those outlined by U S WEST, as an alternative to a separate subsidiary requirement

- The data market is already competitive and therefore regulatory focus should be on how to ensure access to essential facilities, not how to duplicate the regulatory requirements created for the voice market